GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:3310
ANSWERED ON:05.08.2016
NABARD Loans
Gavit Dr. Heena Vijaykumar;Gupta Shri Sudheer;Mahadik Shri Dhananjay Bhimrao;Mahato Shri Bidyut Baran;Patil Shri Vijaysinh Mohite;Satav Shri Rajeev Shankarrao;Singh Shri Kunwar Haribansh;Sule Smt. Supriya Sadanand

Will the Minister of FINANCE be pleased to state:

(a) whether the Government has directed the National Bank for Agriculture and Rural Development (NABARD) to work on to standardize the documents concerned for the sanction of loan and to make its agriculture loan process easier along with its banking facilities;

(b) if so, the details thereof and the corrective measures taken/being taken by the NABARD in this regard;

(c) whether the Government has decided to set up with a cluster fund of Rs. 20,000 crore with the cooperation of NABARD;

(d) if so, the time by which the fund for this purpose is likely to be operationalised; and

(e) the steps taken to provide loan to landless farmers of the country?

Answer

The Minister of State in the Ministry of Finance

(a) & (b): No, Madam. The National Bank for Agriculture and Rural Development (NABARD) does not provide direct loan to farmers. NABARD extends re-financeto banks,for their agricultural lending.

(c)& (d) NABARD has informed that it has not received any reference regarding setting up of such a cluster fund.

(e) Government/NABARD/Reserve Bank of India (RBI) have taken the following major steps to provide loans to small, marginal and landless farmers:

â€¢ The directions on Priority Sector Lending (PSL) issued by RBI give special focus on credit to small individual farmers. Under these directions, 18 percent of Adjusted Net Bank Credit (ANBC) or Credit Equivalent Amount of Off-Balance Sheet Exposure, whichever is higher, is prescribed for Agriculture, within which a sub-target of 8 percent of ANBC or Credit Equivalent Amount of Off-Balance Sheet Exposure, whichever is higher, is prescribed for small and marginal Farmers. This step is aimed at increasing the flow of credit to small and marginal farmers, including, inter alia, farmers with landholding of up to 1 hectare, landless agricultural labourers, tenant farmers, oral lessees and share croppers.

â€¢ In order to ensure that all eligible farmers are provided with hassle-free and timely credit for their agricultural operations, the Government has introduced the Kisan Credit Card (KCC) Scheme, which enables them to draw cash to purchase agricultural inputs such as seeds, fertilizers, pesticides as well as meet other agricultural and consumption needs. Tenant farmers, oral lessees and share croppers are also covered under the scheme.The KCC Scheme has since been simplified by providing the farmers with ATM enabled debit card based on one-time documentation and built-in cost escalation in the limit, etc.

â€¢ With a view to ensuring availability of agriculture credit at a reduced interest rate of 7% p.a. to farmers, the Government of India implements an interest subvention scheme for short term crop loans up to Rs. 3.00 lakh. Under the said scheme, additional subvention of 3% is given to those farmers who repay their short term crop loan in time, thereby reducing the effective rate of interest to 4% p.a. for such farmers. Under the Interest Subvention Scheme, post-harvest loans against Negotiable Warehouse Receipts (NWRs) provided by banks to Small Farmers/Marginal Farmers having Kisan Credit Card (KCC), are also available at the interest rate of 7% per annum for a period of upto six months, in order to discourage distress sale of produce by small and marginal farmers.

â€¢ To bring small, marginal, tenant farmers, oral lessees, etc. into the fold of institutional credit, Joint Liability Groups (JLGs) have been promoted by banks.

â€¢ Self Help Group (SHG) and JLG schemes have been designed so as to make the loaning process simpler. NABARD reported that as on 31 March 2016, 79.03 lakh SHGs are saving linked in the country, covering around 10 crore poor rural households, with an outstanding credit to the tune of Rs.57119.23 crore against 46.73 lakh SHGs.Further, during 2015-16, 5.93 lakh JLGs were promoted and financed by banks, thus taking the cumulative total to 17.26 lakh JLGs at the end of March 2016.

â€¢ Banks have been advised by RBI to waive margin/security requirements of agricultural loans upto Rs.1,00,000/-, vide RBI's

circular dated 18th June, 2010.